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DEPARTMENT FOR EUR/SNEC AND EB/ESC
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TAGS: [PREL](#) [ENRG](#) [AJ](#) [GG](#) [AM](#) [CY](#) [EU](#)
SUBJECT: EC VISIT TO AZERBAIJAN HEAVY ON NEIGHBORHOOD
POLICY, LIGHT ON ENERGY

Classified By: DCM Jason Hyland, reasons 1.4 (b), (d) and (e).

11. (C) SUMMARY. During his April 7 visit to Baku, EC RELEX Deputy Director-General Fotiadis discussed mainly European Neighborhood Program issues and some energy issues. Sticking points for adoption of Azerbaijan's draft ENP plan appear to be language on regional cooperation, lingering Cypriot resentment over the Azerbaijani flight to north Cyprus last July, and Azerbaijan's own insistence that the document reference Azerbaijan's territorial integrity. On energy issues, the GOAJ tried to interest the EC delegation in trans-Caspian gas pipelines on political and strategic grounds but the EC representatives only responded that any such pipelines have to make commercial sense first. BP representatives in Baku later voiced their dissatisfaction with Fotiadis's energy advisor, Fowzy Ben Sarsa. END SUMMARY.

12. (C) On April 11, Baku Europa House coordinator Wolfgang Sporrer briefed Emboff on the April 7 visit to Azerbaijan of Fokian Fotiadis, Deputy Director-General of the European Commission's External Relations unit (RELEX). Mr. Fotiadis was accompanied by his energy advisor, Fowzy Ben Sarsa. They met with President Aliyev, Prime Minister Rasi-zade, Deputy Foreign Ministers Azimov and Mammadgulyev, Energy Minister Aliyev and Rovnag Abdullayev, president of SOCAR, the state oil company. Fotiadis and Ben Sarsa discussed both the draft document for Azerbaijan's participation in the European Neighborhood Policy (ENP) and energy issues.

ENP "STICKING POINTS"

13. (C) Sporrer identified three "sticking points" preventing finalization of the ENP document that were raised during the trip. He added that Azerbaijan has also proposed that the EU assist with the construction of the planned Baku-Akhalkalaki-Kars railroad, but said the EU has demurred and the issue will probably not go any further. Sporrer said that two of the sticking points are somewhat less serious than the third. One is the ENP's standard call for "regional cooperation." The GOAJ has informed the EC that there can be no regional cooperation while Armenia continues to occupy Nagorno-Karabakh and associated territories. Sporrer said that this issue can likely be finessed by language -- "everyone knows there will be no cooperation between Azerbaijan and Armenia."

14. (C) A second sticking point involves Cyprus -- specifically, continuing Cypriot anger over the privately-chartered flight from Azerbaijan to northern Cyprus that took place in July 2005. Sporrer said that the Cypriots are demanding a written apology from Azerbaijan, and that while the GOAJ has assured Cyprus that there will be no further flights, it has no intention of issuing an apology. While Cyprus threatens to block Azerbaijan's ENP process without a written apology, Sporrer feels that in the end Cyprus will not want to isolate itself from other EU members by doing so. The feeling in the EU, Sporrer believes, is that either all three south Caucasus countries should have their ENP plans approved together, or none of them should be approved.

15. (C) The most serious issue blocking finalization of Azerbaijan's ENP plan, says Sporrer, is the GOAJ's insistence that the document reference the "territorial integrity of Azerbaijan." This is causing many difficulties. The EC is trying to persuade the GOAJ that this document is only a technical plan and should not get into political issues, but the GOAJ has not dropped the idea. Many EU members would likely object to such language, says Sporrer, some on grounds of being pro-Armenian, some on the grounds of not wanting to make the work of the Minsk Group more difficult, and some on grounds of keeping the language of Azerbaijan's ENP document consistent with the ENP documents of other countries.

ENERGY ISSUES

16. (C) Sporrer said that the GOAJ raised the issue of trans-Caspian gas pipelines with the RELEX delegation. The

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GOAJ made the argument that such pipelines are of political and strategic importance and that the EU therefore should assist in their construction. The EC representatives responded that any such projects must be assessed as commercially viable before anything else. In other meetings with RELEX, Statoil representatives raised the issue of how the EU's anti-monopoly policy could block the SCP consortium from selling Shah Deniz gas in Europe. However, the GOAJ did not raise this issue.

17. (C) In a separate meeting with Emboff, BP officials conveyed their dissatisfaction with the visit and with Ben Sarsa in particular. They characterized Fotiadis as genial but depending entirely on Ben Sarsa for advice on energy. The BP representatives characterized Ben Sarsa as ill-informed on Caspian energy issues and prone to make factually incorrect if not bizarre statements -- at one point alleging that Azerbaijan is dependent on Iran for natural gas, and at another point implying with a smile that the BTC project is funding Azerbaijan's opposition. The BP officials also allege that Ben Sarsa openly prefers "continental" companies over "Anglo-American" companies. Whether the above is an accurate characterization of Ben Sarsa or not, BP does not appear to see the EC as a serious interlocutor on Caspian energy issues.
HARNISH